



Legislative Research Council

MINUTES Executive Board

Senator Ryan Maher, Chair
Representative Lance Carson, Vice Chair

Fourth Meeting
2014 Interim
September 9, 2014

Room 413
State Capitol Building
Pierre, South Dakota

The fourth meeting of the Executive Board for the 2014 Interim was called to order by Senator Ryan Maher at 10:00 a.m. (CDT) in room 413 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Ryan Maher, Chair; Representative Lance Carson, Vice Chair; Senators Corey Brown, Phyllis Heineman, Larry Lucas, and Deb Sohlt; and Representatives Brian Gosch (via telephone), Spencer Hawley, Isaac Latterell, Betty Olson, Kathy Tyler and Steve Westra (via telephone). Excused were Senators Deb Peters and Craig Tieszen and Representative Charles Hoffman.

Staff members present included Jason Hancock, Director; Sue Cichos, Deputy Director; Doug Decker, Code Counsel; Annie Mehlhaff, Chief Fiscal Officer; David Ortbahn, Chief Research Analyst; Lou Adamson, Information System Coordinator; Kevin Kumpf, Programmer/Analyst; and Cindy Tryon, Senior Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.sd.gov>.

Approval of Minutes

SENATOR HEINEMAN MOVED, SECONDED BY SENATOR LUCAS, THAT THE MINUTES OF THE JUNE 2-3, 2014, EXECUTIVE BOARD MEETING BE APPROVED. The motion prevailed on a voice vote.

Approval of Agenda

A MOTION WAS MADE BY REPRESENTATIVE TYLER, SECONDED BY SENATOR LUCAS, TO AMEND THE AGENDA BY ADDING THE ITEM: NEW DOCUMENTS FOUND REGARDING EB-5. The motion was ruled out of order and no further action was taken.

Senator Corey Brown asked Representative Tyler if she believed the documents indicate criminal behavior. **Representative Kathy Tyler** responded that she does feel the documents demonstrate criminal behavior.

Senator Brown said the motion was out of order under Section 797 of Mason's Manual, and if the documents indicate criminal behavior then they need to be given to the Attorney General's office. Any action taken by this Board could negatively affect a formal investigation. **Senator Ryan Maher** agreed with Senator Brown and ruled the motion out of order.

SENATOR BROWN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO APPROVE THE AGENDA. The motion prevailed on a voice vote.

South Dakota State Investment Council Update

Mr. Jon M. Hunter, Chair, State Investment Council and Mr. Matt Clark, State Investment Officer, distributed a document to the Board with the most recent information from the State Investment Council (**Document #1**). The South Dakota Retirement System (SDRS) grew from \$9.076 billion at beginning FY14 to \$10.602 billion at ending FY14. Since 1999, there have only been 2 years when the investments made by the Investment Council underperformed, 2008 and 2009. The investments over performed the other 14 years.

Mr. Hunter gave a brief compensation overview for the Investment Council staff. The Executive Board had implemented an incentive program last year that has been very successful. The Investment Council Board believes that this incentive plan is correctly lined up with the goals of the Investment Council. Mr. Hunter also commented that the incentive plan the Executive Board had approved allows the Investment Council to retain future leaders within its workforce.

Mr. Clark presented the Investment Council's FY16 budget request. He explained that there is an additional request this year for a part time attorney that may be needed due to some retirements in the Attorney General's office. Mr. Clark added that should this position not be needed the money will be removed from the budget request.

A MOTION WAS MADE BY REPRESENTATIVE OLSON, SECONDED BY SENATOR SOHOLT, TO APPROVE THE FY2016 INVESTMENT COUNCIL BUDGET AS PRESENTED. The motion prevailed on a roll call vote with 11 voting AYE, 4 EXCUSED. Those voting AYE: Heineman, Lucas, Soholt, Gosch, Hawley, Latterell, Olson, Tyler, Westra, Carson, and Maher. Those EXCUSED: Brown, Peters, Tieszen, and Hoffman.

Mr. Clark presented the Trust Fund information. Trust Fund reports are compiled on a monthly basis and are shared with the Bureau of Finance and Management and LRC. The trust funds that are managed by the South Dakota Investment Council are the Dakota Cement Trust Fund; Education Enhancement Trust Fund; Health Care Trust Fund; and the School and Public Lands Trust Fund. These monthly reports can be found on the LRC website.

Mr. Rob Wylie, Executive Director, South Dakota Retirement System (SDRS), distributed a document, "SDRS Projected Funded Status as of June 30, 2014" (**Document #2**). Mr. Wylie reported that SDRS had to update their mortality tables because of the increased life expectancy for state employees. The net investment return for year ending June 30, 2014, is 18.9% leaving a cushion of \$819M after the changes to the mortality table.

South Dakota does exceedingly well in comparison to other retirement funds. The National Institute for Retirement Security ranked South Dakota #1 because of the amount we pay back to our members and the impact that makes on economic development.

Chambers Upgrade Project Status

Ms. Lou Adamson, Information System Coordinator, gave a timeline for the work that is being done in the House and Senate Chambers (**Document #3**). She said that the carpet has been cleaned and the amount of wear will make it necessary to replace the carpet but that will not be done until next interim, hopefully with Bureau of Administration funds. Ms. Adamson said that carpet samples and cost estimates will be collected and presented at the next Executive Board meeting.

Senator Deb Soholt pointed out that at the April, 23, 2014, Executive Board meeting, Commissioner Paul Kinsman with the Bureau of Administration (BOA) had assured the Executive Board that BOA will cover the cost of replacing the carpet if needed.

Representative Spencer Hawley asked if the current carpet is an exact replica of the original carpet. **Mr. Mike Mueller, Special Projects Coordinator, Bureau of Administration**, said that when the carpet was replaced in preparation for the State's bicentennial in 1989, the coordinator at that time tried to match the original color palette as closely as possible, but it was not possible to match the design in the original carpet.

Out-of-State Travel Policy

Mr. Jason Hancock, Director, presented two options for revising the legislator travel policy (**Document #4**). Both options change the wording regarding purchasing airline tickets for legislator travel. Option A stated that airfare "must" be purchased at least two weeks prior to travel and Option B stated that airfare "should" be purchased at least two weeks prior to travel.

A MOTION WAS MADE BY REPRESENTATIVE CARSON, SECONDED BY REPRESENTATIVE OLSON, THAT THE EXECUTIVE BOARD AMEND THE LEGISLATOR TRAVEL POLICY BY ADOPTING OPTION A AS PRESENTED BY DIRECTOR HANCOCK AND THAT THE CHANGE TAKE EFFECT OCTOBER 1, 2014. The motion prevailed on a voice vote.

Mr. Hancock distributed a list of this interim's out-of-state meeting costs of legislators through July 30 (**Document #5**).

After some committee discussion, a motion was made to further clarify the role of the Executive Board Chair in approving legislator out-of-state travel.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY REPRESENTATIVE OLSON, THAT ANY OUT-OF-STATE TRAVEL TO A NON-MENTIONED ORGANIZATION OR CONFERENCE SHALL BE AT THE DISCRETION OF THE EXECUTIVE BOARD CHAIR. The motion prevailed on a roll call vote with 10 voting AYE, 2 voting NAY, 3 EXCUSED. Those voting AYE: Brown, Heineman, Soholt, Gosch, Hawley, Latterell, Olson, Westra, Carson, and Maher. Those voting NAY: Lucas and Tyler. Those EXCUSED: Peters, Tieszen, and Hoffman.

Interim Committee Updates

Tribal Economic Development Task Force

Representative Don Hagggar, Chair, Tribal Economic Development Task Force, gave an update on the task force via telephone. The Tribal Economic Development Task Force was established through statute and is appointed for a two-year time period. The purpose of the task force is to identify obstacles regarding tribal economic development and find ways to overcome those obstacles. Two mailings have been sent to Tribal Chairs and Presidents asking for their participation in the task force. No responses from the Tribes have yet been received. Representative Hagggar said that he hopes to hold the first meeting in October but that he will not call a meeting until there is significant participation by the Tribes.

Jolene's Law Task Force

Senator Deb Soholt, Chair, Jolene's Law Task Force, gave an update on the task force. The task force is set by statute and is to be concluded by the end of the year. There is not a limit on the number of meetings they conduct, but they cannot spend more than \$21,000. The committee had its first meeting in August and has three more meetings scheduled and may possibly add another meeting in December. The total cost of the first task force meeting was \$1,062. The next meeting is scheduled for September 15, 2014.

Alcoholic Beverage Shipping and Distribution Study Committee

Senator Corey Brown, Vice Chair, Alcoholic Beverage Shipping and Distribution Study Committee, reported on this interim committee. Senator Brown said that the nine-member committee, chaired by Representative Roger Solum, has held three meetings and that the committee would like to request the authority to hold one more meeting for finalizing some legislation to be considered during the 2015 Legislative Session.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY SENATOR HEINEMAN, THAT THE ALCOHOLIC BEVERAGE SHIPPING AND DISTRIBUTION STUDY COMMITTEE BE ALLOWED TO CONDUCT ONE ADDITIONAL MEETING DURING THIS INTERIM. The motion prevailed on a voice vote.

New Legislator Orientation

Mr. Hancock distributed a copy of the agenda for LRC's New Member Orientation session held in 2012 (**Document #6**). Mr. Hancock also distributed the agenda for Idaho's New Legislator Orientation Program (**Document #7**). The South Dakota orientation program is a one day process while Idaho's orientation is held over two and a half days. The Idaho program has more speakers from outside the legislative staff while South Dakota's orientation program is conducted almost entirely by LRC staff.

Senator Maher commented that the orientation program needs to be more thorough. Senator Soholt said that she would like to see an extended program offered with more presenters who are not LRC staff. She added that a mock session would be helpful in making new legislators feel more confident.

Representative Brian Gosch said that a lot of topics and training are covered during the first week of session. He added that as Speaker of the House, he conducted a new legislator boot camp during the first week. The Speaker also said that it is more important to partner new legislators with veteran legislators to help on the floor.

Senator Maher and Representative Gosch agreed that they would like to see some mock committee meetings held to help new committee members feel more comfortable with making motions and committee protocol and that these could be held during the first week of session if there is not enough time during the orientation.

Representative Hawley said that he would like to see the orientation expanded to two days. He suggested that there be more information on the role of the lobbyists and more on how to find information online.

The Board members agreed that the staff should prepare two options for the New Legislator Orientation program and present those proposals to the Board at the November meeting. They also agreed that the LRC staff should set the dates for the orientation.

Management Reports

Mr. Doug Decker, Code Counsel, reported that with updated technology computer disks are now obsolete. Because of that, he is in the process of changing the contract with West, publishers of the South Dakota Code, to make the code available to legislators online.

Ms. Sue Cichos, Deputy Director, reported that the page information has been mailed to the schools and to legislators. A new position has been developed in LRC, web support specialist, and LRC is currently accepting applications for that position. Ms. Cichos also said that she is in the process of finding staffing for the 2015 Legislative Session.

Mr. David Ortbahn, Chief Research Analyst, introduced Ms. Amanda Jacobs, the newest member of the LRC research staff. Mr. Ortbahn said that in addition to training new staff members on bill drafting, he will also be conducting a bill drafting session for agency bill drafters. Senator Brown asked that the fiscal note and the incarceration fiscal impact statement processes be emphasized during the agency bill drafting training.

Ms. Annie Mehlhaff, Chief Fiscal Officer, reported that Mr. Aaron Olson has taken the lead in analyzing lessons learned regarding the incarceration fiscal impact statement process from 2014 and improve the process for the 2015 Legislative Session. Mr. Jason Simmons is working on finding ways to better produce minutes of the Appropriations Committee meetings held during session. Ms. Stephanie Gruba is reworking the format for providing information to appropriators on budget transfers. Ms. Denice Houlette is preparing the West River Tour for the Joint Appropriations Committee to be held in October.

Ms. Mehlhaff also reported on a conference she attended with her counterparts from 14 western states. During the conference they discussed having independence from other branches of state government regarding information and computer analysis. Ms. Mehlhaff said that the ideal would be to have the same computer system and data that the Bureau of Finance and Management (BFM) has in order to run reports independent of that agency. BFM has offered the raw data but the LRC does not have the computer system capability to analyze that data.

Senator Phyllis Heineman asked why the LRC cannot have use of the same system BFM uses. Ms. Mehlhaff responded that BFM owns that system and LRC does not have access to it.

Mr. Jason Hancock, Director, reported that the new computer position that Ms. Cichos referred to in her report is in response to the NCSL report that was prepared last summer/fall which suggested increasing the number of IT people in the LRC office. That position used to be an Administrative Assistant position and has been repurposed. Mr. Hancock added that if the LRC intends to be more independent, technology is the area in which to start.

Mr. Hancock said that although there is money in the budget for additional staffing he does not plan to create any new positions until after going through one full legislative session so that he has a better sense of the needs of the office. He will also be looking closely at the space within the LRC office to reevaluate the design and use of that space in order to find room for any future additional employees.

Senator Soholt asked Director Hancock that since the BFM data system was designed at taxpayer expense, would it not be realistic for the LRC to have access to that program. Mr. Hancock replied that this does not seem like an unreasonable request.

A MOTION WAS MADE BE SENATOR SOHOLT, SECONDED BY SENATOR HEINEMAN, THAT A REQUEST BE SUBMITTED TO THE BUREAU OF FINANCE AND MANAGEMENT FOR USE OF THE BUDGET DATA RETRIEVAL SYSTEM THAT WAS CREATED AT TAXPAYER EXPENSE FOR USE IN DATA ANALYSIS. The motion prevailed on a voice vote.

Subcommittee Reports

Computer Technology Subcommittee

Senator Larry Lucas, Subcommittee Chair, reported that they are estimating there will be 28 returning legislators who will want to use iPads and the cost for the 28 iPad Airs is \$18,261. The remaining legislators will receive laptops. The cost of the two-year lease for the 85 HP Revolve laptops is \$151,365 which is paid out in three payments. LRC will own the laptops after the final payment is made.

Budget Subcommittee

Representative Lance Carson, Subcommittee Vice Chair, presented the FY2016 budget request for Legislative Audit.

A MOTION WAS MADE BY REPRESENTATIVE CARSON, SECONDED BY REPRESENTATIVE GOSCH, THAT THE BUDGET REQUEST FOR LEGISLATIVE AUDIT BE APPROVED. The motion prevailed on a roll call vote with 12 voting AYE, 3 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Gosch, Hawley, Latterell, Olson, Tyler, Westra, Carson, and Maher. Those EXCUSED: Peters, Tieszen, and Hoffman.

Representative Carson then presented the FY2016 budget for the Legislative Research Council. Representative Carson suggested that the Executive Board take a closer look at the MHEC dues that have increased to \$115,000. Representative Hawley asked that this be put on the agenda for discussion at the next Executive Board meeting.

A MOTION WAS MADE BY REPRESENTATIVE CARSON, SECONDED BY REPRESENTATIVE GOSCH, THAT THE BUDGET REQUEST FOR THE LEGISLATIVE RESEARCH COUNCIL BE APPROVED. The motion prevailed on a roll call vote with 12 voting AYE, 3 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Gosch, Hawley, Latterell, Olson, Tyler, Westra, Carson, and Maher. Those EXCUSED: Peters, Tieszen, and Hoffman.

Legislative Interns Subcommittee

Senator Deb Soholt, Subcommittee Vice Chair, reported that intern recruitment is well underway. There will be increased focus on Northern State University and Black Hills State University to try to draw more interest from students at those institutions, as the number of applicants from those universities has fallen behind the other universities in the state. Intern recommendations will be presented to the leadership in the House and Senate following the elections.

Future Meeting Date

The next meeting for the Legislative Executive Board will be Monday, November 10, 2014.

Executive Session

A MOTION WAS MADE BY REPRESENTATIVE CARSON, SECONDED BY SENATOR SOHOLT, THAT THE EXECUTIVE BOARD GO INTO EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board went into Executive Session at 1:55 p.m.

A MOTION WAS MADE BY REPRESENTATIVE LATTERELL, SECONDED BY SENATOR BROWN, TO COME OUT OF EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board came out of Executive Session at 2:05 p.m. No action was taken.

Committee Discussion

Senator Maher asked Ms. Adamson if MHEC was asked to place a bid on the new laptops/iPads. Ms. Adamson said that because MHEC's bid was so high the last time bids were taken, they were not invited to bid this year.

Adjourn

REPRESENTATIVE CARSON MOVED, SECONDED BY REPRESENTATIVE OLSON, THAT THE EXECUTIVE BOARD BE ADJOURNED. The motion prevailed unanimously on a voice vote.

The Board adjourned at 2:10 p.m.

All committee agendas and minutes are available on the LRC website: <http://legis.sd.gov/>. You may subscribe to electronic delivery of agendas and minutes at E-Subscribe on the LRC website.